

# NEW HAMPSHIRE STATE LIQUOR COMMISSION

## MINUTES OF MEETING – FEBRUARY 9, 2005

PRESENT: Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Aidan Moore, Chief of Enforcement; Howard Roundy, Director of Information Technology; Evie Taft, Human Resources Administrator; Peter Engel, Director of Store Operations; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer.  
Guests: Doreen Wittenberg, Business Supervisor; Al Picconi, United Beverages, Inc.; Michael Gocłowski, Law Warehouses.

### I. FINANCIAL & ADMINISTRATIVE REPORTS

#### 1. Financial Reports

##### A. Weekly, Y-T-D Sales Reports:

The SA1000 report for the week ending February 6, 2005 shows retail sales were up 37.6%, both on and off-premise sales were up approximately 17.3%, and total sales were up 29.6%. The traffic count increased by 26,974, while the average sales ticket was up by \$3.26.

The W-1 Total Weekly Sales report for the same week confirms total sales were up 29.6% or \$1,559,970 over the same week last year, and were also up almost 6% or \$14,226,063 for the year. Wine sales increased for the week by almost 24% or \$611,738, as they did for the year by 6.4% or \$7,084,392. Sales of spirits for the week were up 34.9% or \$948,233, and were also up year-to-date by 5.6% or \$7,141,670.

There was nothing of significance to report this week regarding depletions and/or post-offs.

Sales of gift cards were ahead of estimates until February. Craig and a number of other staff met with the new Paymentech representative to discuss a number of issues. This person will work specifically with some of the card promotions. The Commission will acquire some new equipment and will also provide some in-house training to select personnel. Craig felt the meeting was very productive.

##### B. Budget/Administrative Reports:

A contract plus Enforcement's grant on "Fatal Choices" are on today's Governor and Council agenda, which both Craig and Aidan will attend.

Several weeks ago, the possibility of using credit cards to purchase lottery tickets was suggested. After some research, some staff have agreed that this would represent too much of a risk for the Commission. Although the Lottery does allow vendors to utilize credit cards, many of them do not. Commissioner Byrne was of the opinion that this could still be accomplished.

The latest W-6 Expense Budget Activity Variance Report shows the year to be at about 61% complete, with total agency expenditures at around 58%. Requests for transfers into Class 50 and Class 23 are being prepared.

The installation of the audit initiative started yesterday, and the first audit was performed. The plan is to continue to use this and come back to the Commission with the results, the first of which appear to be very good. Inventory was taken during the end of January for one-half of the stores, and the other half will be done this month.

2. IT Report

The IT department is still working on credit card recovery due to problems caused by last week's virus attack. Howard expects this will be wrapped up today. In addition, yesterday the State's website was hacked. As a result, product prices cannot yet be posted.

There was a DISCUS meeting yesterday on bio-terrorism, during which there was a lot of conversation regarding responsibility and ownership rather than tracing a particular product. Howard sees the biggest issue as knowing the immediate previous source. If this is some intermediary, not the vendor, it will be the most difficult information to obtain. Everything is on paper now. John Bunnell asked Howard to look into providing this information electronically, as it needs to be data warehoused and kept on file for two years. The implementation date is scheduled for December 9, 2005. The Commission should probably look into providing this information to local truckers so they will understand their responsibilities in this area. Vendors would not really be involved unless they took control of the product. John said he would meet with Howard and Law Warehouse staff to discuss this further.

3. Human Resources Report

It was moved by Commissioner Russell, seconded by Commissioner Maiola, that the Commission approve the newly developed policy on nepotism, with corrections, as requested by Evie Taft, Human Resources Administrator. The motion was unanimously adopted.

About five different sessions are planned during the month of March to train assistant managers and retail clerks regarding sexual harassment, EAP and marketing techniques.

## **II.     MARKETING & SALES REPORTS**

### **1.     Store Operations**

Total store sales for the week ending 2/6/05 were up 34.61% or \$1,294,399.94, which was due in part to the good weather and occurrence of the Super Bowl. Store Operations is currently in the second phase of quarterly inventory. Comments regarding use of the Dolphin equipment in this process have been very favorable.

The opening of the new Swanzey store has been pushed back a week. Bathroom fixtures are being installed today, and captions should be hung this Friday. Negotiations continue in Center Harbor and Glen. There is no resolve yet for the issues in Berlin. Commissioner Russell received a call from a state representative requesting that the Commission look into a new location for the Hillsboro store.

Peter will attend a meeting to be held today at 1:00 p.m. at the Department of Transportation regarding some construction issues for the new Keene store location.

Peter will also meet with Lottery representatives regarding a large transition that department is currently going through and how it will affect the liquor stores. One of the changes planned is for their employees to be more uniformly accessible by having a regular route and by participating in merchandising. Peter will ask them to think about making each register an on-line terminal. Howard was concerned that this might cause some security issues.

### **2.     Purchasing Report**

There was nothing significant to report regarding out-of-stocks for the past week.

### **3.     Merchandising Report**

#### **A.     SPIRITS:**

#### **1)     Test Market Result (Codes #4435, #4341, #4342, #4343 & #3891):**

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission grant a specialty listing for Code #4342, Beachcomber Coconut Rum, 750ML size, which exceeded the gross profit required for specialty item consideration at the conclusion of a six-month test market period, but delist the following four (4) spirit items which failed to achieve both their respective gross profits required for full distribution and specialty item consideration at the conclusion of a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales: Code #4435, Admiral Nelson Raspberry Rum, 1.75L; Code #4341, Beachcomber Apple Rum, 750ML; Code #4343, Beachcomber Pineapple Rum, 750ML; and Code #3891, Smirnoff Vanilla Twist, 375ML. The motion was unanimously adopted.

2) Recommended Mark Down:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve mark down prices on eighty-six (86) spirit items which were recommended to be discontinued on January 12, 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales, with the following six exceptions: Code #4938, Kapali Coffee, 750ML; Code #5260, Chi-Chi's Mango Margarita, 1.75L; Code #5266, Amaretto E'Dolce, 750ML; Code #5325, Stock Amaretto, 750ML; Code #1591, Carstairs Whiskey, 1.75L; and Code #5027, 99 Apples, 750ML. The motion was unanimously adopted.

3) Appeals:

a. Codes #8028, #2171, #5325 & #4570:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny appeals received to the delistings of Code #8058, Bols Sour Apple Schnapps, 750ML and Code #2171, Wisers Deluxe Canadian Whiskey, 750ML and allow Code #4570, Germain Robin XO Brandy, 750ML to be kept as a warehouse only code, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales, but also allow Code #5325, Stock Amaretto, 750ML, to remain as a specialty item in the stores where it is currently sold. The motion was passed on a two to one vote, with Commissioner Maiola opposed.

b. Codes #3634, #3492, #4455, #5266, #4938 & #5463:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny appeals to the delistings of Code #3634, Finlandia Cranberry Vodka, 750ML, Code #3492, Skyy Vanilla Vodka, 750ML and #4455, Cabana Boy Kiwi Strawberry Rum, 750ML, and allow Code #5463, Aguardiente Cristal, 750ML to remain as a specialty item in the stores where it is currently sold, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales, but grant six-month extensions to Code #5266, Amaretto E'Dolce, 750ML and Code #4938, Kapali Coffee Liqueur, 750ML. The motion was unanimously adopted.

c) Codes #3473, #8125 & #8618:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny appeals to the delisting of Code #3473, Juniper Green Organic Gin, 750ML, Code #8125, Minaki Blueberry Liqueur, 375ML and Code #8618, Cambus Ouzo, 750ML, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d) Codes #8407, #3561, #1591, #2484, #5027 & #5260:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny appeals to the delisting of Code #8407, Dekuyper Root Beer Schnapps, 750ML, Code #3561, Ultimat Black Cherry Vodka, 750ML and Code #2484, Windsor Canadian Whiskey, 1.75L, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales, but grant a specialty listing to Code #5027, 99 Apples, 750ML and six-month extensions to Code #1591, Carstairs Blended Whiskey, 1.75L and Code #5260, Chi Chi's Mango Margarita, 1.75L. The motion was unanimously adopted.

B. WINES:

1) Close Out (55 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve close out pricing for fifty-five (55) wine items in order to deplete remaining inventory, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 2) Primary Source Submissions (2 items – exclusive agent; 23 items – imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of two (2) wine codes which are not from primary source, but are offered by the exclusive marketing agent and twenty-three (23) wine codes which are not from primary source, but are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**III. ENFORCEMENT & LICENSING REPORT – None.**

**IV. CHAIRMAN'S REPORT & LATE ITEMS**

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated February 3 through February 9, 2005. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items/Other:

- a. Demo Request:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc. to conduct informational demonstrations for Shakers Vodka in Stores #66 Hooksett, #76 Hampton, #34 Salem and #50 Nashua, and that United Beverages be required to move existing product from over-stocked stores to those locations, as recommended by Richard Gerrish, Spirits Marketing Specialist. The motion was unanimously adopted.

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Anthony C. Maiola, Chairman

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John W. Byrne, Commissioner

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Patricia T. Russell, Commissioner

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